

# **CHAPTER 1**

## **HOUSING TRUST FUND STATUTORY CRITERIA**

### **Section 100 Purpose**

This chapter identifies specific criteria for funding of affordable housing as found in the Revised Code of Washington (RCW) 43.185 and 43.185A. Each section contains excerpts from the RCW that lays the foundation for HTF guidelines and procedures.

### **Section 101 Priorities**

RCW 43.185.070 (2)

(2) The department shall give first priority to applications for projects and activities which utilize existing privately owned housing stock including privately owned housing stock purchased by nonprofit public development authorities and public housing authorities as created in chapter 35.82 RCW. As used in this subsection, privately owned housing stock includes housing that is acquired by a federal agency through a default on the mortgage by the private owner. Such projects and activities shall be evaluated under subsection (3) of this section. Second priority shall be given to activities and projects which utilize existing publicly owned housing stock.

### **Section 102 Preferences**

RCW 43.185.070 (3)

(3) The department shall give preference for applications based on some or all of the criteria under this subsection, and similar projects and activities shall be evaluated under the same criteria:

- (a) The degree of leveraging of other funds that will occur;
- (b) The degree of commitment from programs to provide necessary habilitation and support services for projects focusing on special needs populations;
- (c) Recipient contributions to total project costs, including allied contributions from other sources such as professional, craft and trade services, and lender interest rate subsidies;
- (d) Local government project contributions in the form of infrastructure improvements, and others;
- (e) Projects that encourage ownership, management, and other project-related responsibility opportunities;
- (f) Projects that demonstrate a strong probability of serving the original target group or income level for a period of at least twenty-five years;
- (g) The applicant has the demonstrated ability, stability and resources to implement the project;
- (h) Projects which demonstrate serving the greatest need;
- (i) Projects that provide housing for persons and families with the lowest incomes;

- (j) Projects serving special needs populations which are under statutory mandate to develop community housing;
- (k) Project location and access to employment centers in the region or area;
- (l) Projects that provide employment and training opportunities for disadvantaged youth under a youthbuild or youthbuild-type program as defined in RCW 50.72.020; and
- (m) Project location and access to available public transportation services.

### **Section 103 Geographic Distribution**

RCW 43.185.050

At least thirty percent of these monies used in any given funding cycle shall be for the benefit of projects located in rural areas of the state as defined by the department. If the department determines that it has not received an adequate number of suitable applications for rural projects during any given funding cycle, the department may allocate unused money for projects in non-rural areas of the state.

### **Section 104 Type of Award**

RCW 43.185.010

The legislature declares that it is in the public interest to establish a continuously renewable resource known as the housing trust fund and housing assistance program to assist low and very low-income citizens in meeting their basic housing needs, and that the needs of very low-income citizens should be given priority and that whenever feasible, assistance should be in the form of loans.

### **Section 105 Eligible Applicant**

RCW 43.185.060

Organizations that may receive assistance from the department under this chapter are local governments, local housing authorities, regional support networks established under chapter 71.24, nonprofit community or neighborhood-based organizations, federally recognized Indian tribes in the state of Washington, and regional or state-wide nonprofit housing assistance organizations. Eligibility for assistance from the department under this chapter also requires compliance with the revenue and taxation laws, as applicable to the recipient, at the time the grant is made.

### **Section 106 Eligible Activities**

RCW 43.185.050(2-5)

- (2a) New construction, rehabilitation, or acquisition of low and very low-income housing units;
- (b) rent subsidies
- (c) matching funds for social services directly related to providing housing for special need tenant in assisted projects;
- (d) technical assistance, design and finance services and consultation and administrative costs for eligible nonprofit community or neighborhood-based organizations;

- (e) administrative costs for housing assistance groups or organizations when such grant or loan will substantially increase the recipient's access to housing funds other than those available under this chapter;
- (f) shelters and related services for the homeless;
- (g) mortgage subsidies, including temporary rental and mortgage payment subsidies to prevent homelessness;
- (h) mortgage insurance guarantee or payments for eligible projects;
- (i) down payment or closing cost assistance for eligible first time homebuyers;
- (j) acquisition of housing units for the purpose of preservation as low-income or very low-income housing; and
- (k) projects making housing more accessible to families with members who have disabilities.

(3) Legislative appropriations from capital bond proceeds may be used only for the costs of projects authorized under subsection (2)(a), (i) and (j) of this section and not for the administrative costs of the department.

(4) Monies from repayment of loans from appropriations from capital bond proceeds may be used for all activities necessary for the proper functioning of the housing assistance program except for activities authorized under subsection (2)(b) and (c) of this section.

(5) Administrative costs for the department shall not exceed four percent of the annual funds available for the housing assistance program.

RCW 43.185A.010 (Similar to above but includes the following):

- (1)(b) Rent subsidies in new construction or rehabilitated multi-family units.
- (d) mortgage subsidies for new construction or rehabilitation of eligible multi-family units; and
- (e) mortgage insurance guarantee or payments for eligible projects.

## **Section 107 Eligible Populations**

RCW 43.185.01

The legislature finds that current economic conditions, federal housing policies and declining resources at the federal, state, and local level adversely affect the ability of low and very low-income persons to obtain safe, decent, and affordable housing. . . . The legislature further finds that minorities, rural households, and migrant farmworkers require housing assistance at a rate which significantly exceeds their proportion of the general population. The legislature further finds that one of the most dramatic housing needs is that of persons needing special housing-related services, such as the mentally ill, recovering alcoholics, frail elderly persons, and families with members who have disabilities, and single parents. . . . The legislature declares that it is in the public interest to establish . . . the housing trust fund and housing assistance program to assist low and very low-income citizens in meeting their basic housing needs, and that the needs of the very low-income citizens should be given priority

RCW 43.185A.010 (5)

(5) “Low-income household” means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income adjusted for household size, for the county where the project is located.

RCW 43.185A.030 (1)

(1) Using monies specifically appropriated for such purpose, the department shall finance in whole or in part projects that will provide housing for low-income households.

## **Section 108 Affordability**

RCW 43.185.010

The legislature finds that current economic conditions, federal housing policies and declining resources at the federal, state and local level adversely affect the ability of low and very low-income persons to obtain safe, decent and affordable housing.

The legislature further finds that members of over one hundred twenty thousand households live in housing units which are overcrowded, lack plumbing, are otherwise threatening to health and safety, and have rents and utility payments which exceed thirty percent of their income....

RCW 43.185.050(1)

The department shall use money from the housing trust fund and other legislative appropriations to finance in whole or in part any loans or grant projects that will provide housing for persons and families with special housing needs and with incomes at or below fifty percent of the median family income for the county or standard metropolitan statistical area where the project is located.

RCW 43.185A.010

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

(1) “Affordable housing” means residential housing for rental occupancy which, as long as the same is occupied by low-income households, requires payment of monthly housing costs, including utilities other than telephone, of no more than thirty percent of the family’s income. The department shall adopt policies for residential homeownership housing, occupied by low-income households, which specify the percentage of family income that may be spent on monthly housing costs, including utilities other than telephone, to qualify as affordable housing.

(5) “Low-income household” means a single person, family or unrelated persons living together whose adjusted income is less than eighty percent of the median family income, adjusted for household size, for the county where the project is located.

## **Section 109 Minimum Length of Commitment**

See RCW 43.185.070(3)(f) in Section 102

## **Section 110 Project Location**

See RCW 43.185.070(3)(k) & (m) in Section 102.

## **Section 111 Shared Appreciation**

RCW 43.185A.060

Protection of state interest. The department shall adopt policies to ensure that the state's interest will be protected upon either the sale or change of use of projects financed in whole or in part under RCW 43.185A.030 (2) (a), (b), (c), (d), and (e). These policies may include, but are not limited to: (1) Requiring a share of the appreciation in the project in proportion to the state's contribution to the project; (2) requiring a lump-sum repayment of the loan or grant upon the sale or change of use of the project; or (3) requiring a deferred payment of principal or principal and interest on loans after a specified time period.

RCW 43.185.120

Protection of state's interest. The department shall adopt policies to ensure that the state's interest will be protected upon either the sale or change of use of projects financed in whole or in part under RCW 43.185.050 (2) (a), (i), and (j). These policies may include, but are not limited to: (1) Requiring a share of the appreciation in the project in proportion to the state's contribution to the project; (2) requiring a lump-sum repayment of the loan or grant upon the sale or change of use of the project; or (3) requiring a deferred payment of principal or principal and interest on loans after a specified time period.

## **Section 112 Sale and Change of Use**

See RCW 43.185A.060 and RCW 43.185.120 in Section 111.

## **Section 113 Leveraging**

See RCW 43.185.070(3)(a) in Section 102.

## **Section 114 Monitoring and Compliance**

RCW 43.185.090 and RCW 43.185A.070

The director shall monitor the activities of recipients of grants and loans under this chapter to determine compliance with the terms and conditions set forth in its application or stated by the department in connection with the grant or loan.